RICHCO INVESTORS INC.
Form 51-102F1
Management's Discussion & Analysis
FOR THE PERIOD ENDED JUNE 30, 2018

The following management's discussion and analysis of the financial position and results of operations (the "MD&A") dated August 28, 2018 has been prepared by management and are based on and derived from the audited financial statements of Richco Investors Inc. (the "Company") for the period ended June 30, 2018.

This discussion should be read in conjunction with the audited financial statements for the year ended December 31, 2017.

The audited financial statements were presented in Canadian dollars, which is both the functional and presentation currency of the Company. Figures referred to in this discussion are in Canadian dollars, unless otherwise stated.

The Company's principal business is to provide financial, management and other administrative services to early development stage business. The principal objective of the Company is long-term wealth creation through creating or helping businesses to fulfill their potential through strategic planning, capital infusion and corporate restructuring. The Company may invest extensively in emerging growth companies which are in the development stage or in companies which primarily hold investments in such companies. Certain investments are in companies which have not yet established commercial viability for their business activities and have not yet earned significant revenue; therefore, the quoted market values of their shares are not necessarily indicative of the fair value of these investments and the recoverability of invested amounts is dependent upon the eventual commercial success of these entities. The Company is accordingly at risk for any large fluctuation in stock prices and performance of these public companies. The Company keeps close contacts with the management of these companies to assess their performance.

Certain statements in this MD&A, other than statements of historical fact, constitute "forward-looking information" within the meaning of Canadian securities legislation. "Forward-looking information" includes, but is not limited to, statements with respect to acquisition or reverse acquisition of a viable project, as well as the Company's future plans, objectives, business strategy, budgets, projected costs, financial results, and requirements for additional capital. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "contemplates", "budget", "possible", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risk factors include, among others: adverse economic conditions, political and regulatory concerns and key individual staffing problems amongst others. Other risks and uncertainties are discussed throughout this MD&A and, in particular, in the section below entitled "Risks and Uncertainties".

In making the statements in this MD&A containing forward-looking information, the Company has applied several material assumptions, including but not limited to, assumptions regarding the ability of the Company to obtain, on reasonable terms, the necessary financing to complete the acquisition or reverse acquisition of a viable project, as well as the future profitable operations of the project.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Performance Summary

As at June 30, 2018, the Company had total assets of $7,470. This amount is comprised of current assets totaling $6,980 and equipment totaling $490. Current assets are comprised of cash of $4,202, GST receivable of $1,198 and prepaid expenses of $1,580. As at June 30, 2018, the Company had current liabilities of $40,535 and long-term liabilities of $213,667. The Company's deficit increased from $9,647,418 as at December 31, 2017 to $9,660,977 at June 30, 2018.

Changes in Accounting Policies Including Initial Adoption

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at December 31, 2017.

The Company adopted the following new standards during the period:

IFRS 15 Revenue from Contracts with Customers

On January 1, 2018, the Company adopted IFRS 15, *Revenue from Contracts with Customers*, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. Adoption of the standard did not have any material impact on the financial statements of the Company.

IFRS 9 Financial Instruments

On January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, which introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The application of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities, and there was also no impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, replacing IAS17, *Leases*. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet providing the reader with greater transparency of an entity's lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption provided The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

Selected Annual Information

The selected annual information can be summarized as follows:

	2017 ($)	**2016** ($)	**2015** ($)
Total revenue	-	-	-
Net loss	(26,103)	(27,890)	(31,941)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)
Total assets	7,059	7,210	12,539
Total long-term financial liabilities	198,259	168,624	150,985
Cash dividend	-	-	-

Fluctuation analysis

The decrease in net loss for 2017 as compared with 2016 was mainly due to the decrease of $3,052 in transfer agent and filing fees.

The decrease in net loss for 2016 as compared with 2015 was mainly due to the decrease of $1,774 in finance costs and $1,128 in legal and accounting fees.

Results of Operations

Three months ended June 30, 2018

During the three months ended June 30, 2018 and 2017, revenue was $nil and $nil with operating expenses of $6,188 and $6,401, respectively. The net loss for the quarter ended June 30, 2018 was $6,772 as compared to $6,305 for the same period in 2017.

Six months ended June 30, 2018

During the six months ended June 30, 2018 and 2017, revenue was $nil and $nil with operating expenses of $12,248 and $12,334, respectively. The net loss for the period ended June 30, 2018 was $13,559 as compared to $12,539 for the same period in 2017.

Summary of Quarterly Results

	For the Quarters Ended			
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Total assets	$ 7,470	$ 6,904	$ 7,059	$ 7,870
Revenue	-	-	-	-
Net loss	(6,772)	(6,787)	(8,057)	(5,507)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	For the Quarters Ended			
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Total assets	$ 7,786	$ 7,186	$ 7,210	$ 7,122
Revenue	-	-	-	-
Net loss	(6,305)	(6,234)	(5,097)	(8,315)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

For the quarter ended June 30, 2018, total assets increased mainly due to the increase in GST receivable. The net loss of $6,772 was mainly comprised of legal and accounting fees of $3,758, and the transfer agent and filing fees of $2,210.

For the quarter ended March 31, 2018, total assets decreased mainly due to the decrease in cash for making payments required to maintain the listing status of the Company. The net loss of $6,787 was mainly comprised of legal and accounting fees of $3,698, and the transfer agent and filing fees of $2,220.

For the quarter ended December 31, 2017, total assets decreased due to the decrease in both GST receivable and prepaid expense. The net loss of $8,057 was mainly comprised of legal and accounting fees of $3,733, and the transfer agent and filing fees of $1,860.

For the quarter ended September 30, 2017, total assets increased due to the increase in GST receivable. The net loss of $5,507 was mainly comprised of legal and accounting fees of $3,695, and the transfer agent and filing fees of $1,968.

For the quarter ended June 30, 2017, total assets increased due to the increase in GST receivable. The net loss of $6,305 was mainly comprised of legal and accounting fees of $4,078, and the transfer agent and filing fees of $2,179.

For the quarter ended March 31, 2017, total assets decreased due to the decrease in cash, the decrease in cash was mainly due to making payments required to maintain the listing status of the Company. The net loss of $6,234 was mainly comprised of legal and accounting fees of $3,799, and the transfer agent and filing fees of $1,984.

For the quarter ended December 31, 2016, total assets decreased due to the decrease in cash, the decrease in cash was mainly due to making payments required to maintain the listing status of the Company. The net loss of $5,097 was mainly comprised of legal and accounting fees of $3,136, and the transfer agent and filing fees of $2,088.

For the quarter ended September 30, 2016, total assets decreased due to the decrease in cash after offsetting the increase in GST receivable. The net loss of $8,315 was mainly comprised of legal and accounting fees of $3,595, and the transfer agent and filing fees of $2,101.

Liquidity

As at June 30, 2018, the Company had a working capital deficiency of $33,555 made up of current assets of $6,980 minus current liabilities of $40,535 as compared with the working capital deficiency of $35,461 at December 31, 2017. The reduction in working capital deficiency was mainly due to the decrease in trade and other payables. The book value of the Company's assets is $7,470 against total liabilities of $254,202. The Company registered a net loss of $0.00 per share for the period ended June 30, 2018 compared to $0.00 per share for the comparable period of previous year.

	June 30, 2018	December 31, 2017
Working capital (deficiency)	$ (33,555)	$ (35,461)

Net cash used in operating activities for the period ended June 30, 2018 was $16,728 as compared to $20,171 for the same period of last year.

Net cash provided by financing activities for the period ended June 30, 2018 was $15,408 as compared to $19,966 for the same period of last year.

Working capital deficiency decreased by $1,906 to $33,555 at June 30, 2018 as compared to $35,461 at the end of December 31, 2017 was mainly due to the decrease in trade and other payables after offsetting payments for expenses incurred to maintain the listing status of the Company. The Company shall endeavor to raise additional capital or borrowings as and when required to meets its obligations.

Capital Resources

The Company does not have any commitments for capital expenditure or any arrangement for financing.

There are no outstanding stock options as of June 30, 2018.

Related Parties

All related party transactions were recorded at the exchange amounts as agreed upon by the related parties.

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

During the six months period ended June 30, 2018, Chris Tsakok, CEO of the Company, lent $15,408 to the Company, unsecured, non-interest bearing, repayable on March 27, 2020.

During the year ended December 31, 2017, Chris Tsakok, CEO of the Company, lent $29,635 to the Company, unsecured, non-interest bearing, repayable on March 27, 2020.

		June 30, 2018		December 31, 2017
Due to CEO of the Company, non-interest bearing, unsecured, repayable on March 27, 2020	$	165,637	$	150,229
Due to a director of the Company, non-interest bearing, unsecured, repayable on March 27, 2020		48,030		48,030
Due to related parties - long-term portion	$	213,667	$	198,259

Other Related Party Transactions

At June 30, 2018, the Company has made and received advances from several companies in which it has an ownership interest or directors in common, the balances and terms were:

		June 30, 2018		December 31, 2017
Due to a company with common director and officer, repayable on demand, non-interest bearning, unsecured.	$	3,823	$	3,823
Unsecured loan from Drucker, Inc. US $9,563 including accrued interest due on 30 days formal notice, interest payable at US prime + 1%. Interest accrued for the period ended June 30, 2018 was US $129. Current account with Drucker, Inc. was $23,336, which is non-interest bearing and payable on demand.				
Less: loan to Drucker, Inc. $11,500, including accrued interest, payable on demand, interest payable at CIBC prime on date of loan, April 15, 2009, at 2% over prime rate. Interest accrued for the period ended June 30, 2018 was $257. Accounts receivable from Drucker, Inc. was $8,154, which is non-interest bearing and due on demand.		11,340		10,681
Due to related parties - current portion grouped under trade and other payable	$	15,163	$	14,504

Some amounts due to and from related parties do not bear interest, are unsecured, and have no fixed payment term; accordingly, the fair value cannot be readily determined. In regards to Drucker Inc., any loans made by one party to the other can be offset against loans made by the other party on a reciprocal basis.

Financial Instruments

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, trade and other payables and due to related parties.

The Company has classified its cash as loans and receivables, which are measured at amortized cost. Trade and other payables and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

At June 30, 2018, the carrying and fair value amounts of the Company's financial instruments related to cash and trade and other payable are the same due to their short terms to maturity.

It is not practical to determine the fair value of the amounts due from related parties and due to related parties with sufficient reliability due to the nature of the financial instruments.

The Company's risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Management believes that the maximum credit exposure at June 30, 2018 is cash in the bank of $4,202 (December 31, 2017: $5,522) and the credit risk concentration with respect to cash is remote.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company tries to ensure that there is sufficient working capital to fund its ongoing operating expenditures. At June 30, 2018, the Company had a working capital deficiency of $33,555 (December 31, 2017: $35,461). The Company will require having equity or debt financing to meet its financial obligations.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, equity prices, and exposure of long term investments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. The Company has cash balances which is non-interest bearing. The Company's current policy is to invest excess cash in short-term deposits with its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates.

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is minimal and therefore does not hedge its foreign exchange risk.

(iii) Price risk

The Company is exposed to risk of changing equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company keeps close contact with the management of these companies to assess their performance and also monitors the movements of their stock prices to determine the appropriate course of action to be taken by the Company.

(d) Fair Value Hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Outstanding Shares Data

Capitalization as of August 28, 2018: $9,414,245

Authorized

a) An unlimited number of shares of a class designated as multiple voting shares.
b) An unlimited number of shares of a class designated as subordinate voting shares.
c) An unlimited number of shares of a class designated as preference shares in one or more series.

Issued and outstanding

	Number of shares	Amount
a) Multiple voting shares		
August 28, 2018	5,310,191	$ 4,187,122
b) Subordinate voting shares		
August 28, 2018	8,910,192	5,227,123
	14,220,383	$ 9,414,245